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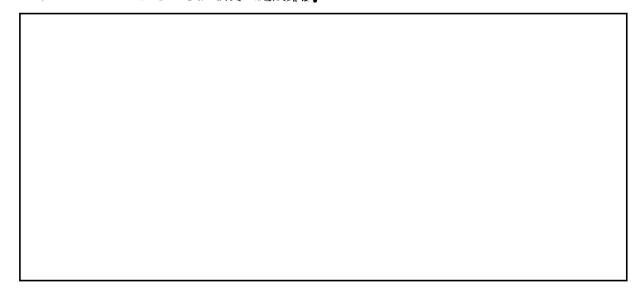
CUBRENT INTELLIGENCE MEMORANDUM

SUBJECT: The Situation in Morocco

## Olphomatic Considerations

Ashat would be highly pleased with a tangible expression of American interest in Morecco and the government would make full propagands use of it as support for the country and its policies. Coming at a time when Rabat is experiencing some difficulty in its international position, a visit would provide a significant boost to Moreccan-American friendship. On the other hand, such a demonstration of favor to Babat during this period of tension might be construed in Algiers as a diplomatic repreach to the sen Bella regime, especially if—as seems quite possible—those tensions build up during the next few weeks. Despite Morecce's current estrangement from tropical Africa, we do not helieve that a wisit would have a deleterious effect on the US position south of the Sahara.





## Pelitical Atmosphere

- The political situation is characterized by growing tension. Wing hassan II last becember was at a pinacle of success fullowing his stunning victory in a referendum in which 05 per cent of the voters approved his constitution. This seemed to augur well for his establishment of a parliamentary government which would be largely responsive to his direction. However, the parliamentary elections last may were disappointing and failed to produce a massive victory for the royalist-favored Front for the Defense of Constitutional Interests. Many of the extravagent claims of rival parties during this campaign carried over to the present situation, embittering relationships between political groups and the palace.
- A. The King has compounded his break with the nationalist Istiqual, the party which led opposition to the French. Arrests of deputies, actions to restrict the press, and transfers of governing officials have destroyed the strong support for the menarchy previously given by the Istiqual, which represents commercial elements in the cities, the Moslen religious hierarchy, and some proportion of the rural population. The firing of bright young Istiqual officials from the various government ministeries and exclusion of modernist elements from ether parties darkens prespects for the Moroccan state and its already undermanned administration.
- Increasing tension on the political scene has been accompanied by financial stress. The estimated \$40 million gap between expenditures and receipts in the government budget has produced now strains and accounted in part for frantic Meroccan efforts to get the French to give some \$70,000,000 in aid. Foreign capital is cautious about projects other than those to encourage tourism. Even a good harvest will not be more than a temporary stimulant. The basic problems of a rapidly increasing population, massive unemployment, a backward agricultural scenery and a virtually stagment GVP appear to rule out significant advances on the economic front for some time to come. The sing has the alternatives

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Foreign Affair		
come increasingly is trend last spring's	ernational scene Morocco has be- solated. The King refused to s summit meeting of African leaders ique over Mauritania's presence.	
ind as a result lost	t severely in prestige. Rabet's ria have become increasingly dif-	
icult, and at prese	ent there is a buildup of troops	
	a disputed border in the Colomb- er, overt tension between Algeria	

by one country in the internal affairs of the other and approved an early meeting between President Ben Bella and King Hassan II. Nevertheless, basic problems--wutual distrust of regimes and unresolved border claims--remain between Morocco and Algeria and over the longer period are likely to increase in intensity.

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9. In his search for international acceptance, the King has placed high value on his ties with the United States. With the closing of the bases and departure of most American personnel by the end of this year, Hassan is losing a prime demonstration of American support as well as an economic contribution. He is, however, gaining a measure of acclaim in the Afro-Asian world for "anti-imperialism".